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GENERAL

1. USSR reportedly seeks to resume relations with Israel:

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[REDACTED] The USSR has indirectly approached the Israeli legation in Sofia with the view of resuming relations between the USSR and Israel, according to information acquired by the Turkish Foreign Office. Moscow is said to have set the condition that Israel punish those responsible for bombing the Soviet legation in Tel Aviv and pledge not to join any pact directed against the USSR.

Comment: The Israeli UN delegate told Ambassador Lodge in mid-April that a member of the Soviet bloc had made overtures to the Israeli delegation that might lead to a renewal of relations.

When the Kremlin announced the exoneration of the accused in the "doctors' plot," the Israeli Foreign Ministry stated that it would "welcome" the resumption of normal relations with the USSR. Israel's dependence on the West would prevent it from agreeing fully to the Moscow condition on alliances.

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3. Britain hints end to moratorium on Chinese Communist UN representation:

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Following the signing of a Korean armistice, Britain intends to continue" for some months at least" the agreed Anglo-American practice of avoiding substantive votes involving the issue of Chinese membership in the United Nations. The British Foreign Office intimated this to the American embassy in London.

Comment: This report carries the implication that Britain feels no obligation to continue to sidestep this issue after a Korean armistice. Official opinion in Britain has long regarded the eventual admission of Communist China to the United Nations as a sine qua non for a general Far Eastern settlement.

4. Turkey considers Soviet note possible prelude to reconsideration of straits issue:

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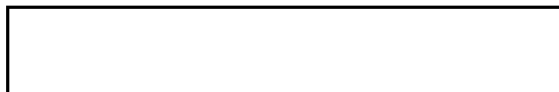
The Turkish Foreign Ministry believes that the 30 May Soviet note may have been intended to lay the groundwork for discussions on revising the Montreux Convention of 1936, which set forth regulations for transit and navigation of the Turkish straits. The vagueness of the Soviet "declaration," according to a Foreign Ministry spokesman, may have been designed to stimulate a further exchange of notes on the subject.

The spokesman said that Turkey's answer to the Soviet note will not encourage further exchanges and may include a statement that Turkey's position on the straits remains unchanged since the subject was last aired nearly seven years ago.

Comment: Revision of the convention by a conference of signatories is possible in 1956 provided it is denounced by one of them two years prior to the anniversary date.

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In the 1945-46 exchange of notes, the Turkish government denied Soviet allegations of war-time violations of the convention. Backed by the United States and Britain, it suggested a conference of all signatory powers. The USSR, however, insisted that the conference be limited to the Black Sea powers. An impasse resulted and no conference was held.

SOUTHEAST ASIA

5. Taipei hints at cooperation in removal of forces from Burma:

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The Chinese Nationalist foreign minister recently informed the American charge in Taipei that his government has been giving "top priority" to the problem of removing Li Mi's forces from Burma. The foreign minister has recommended that Li accept the latest Burmese proposals of five separate safety zones. The charge reports several indications that the opposition of

Nationalist military leaders is no longer sufficiently strong to delay action.

Meanwhile, the Burmese representative on the mixed committee has rejected the latest Nationalist proposals for the establishment of safety corridors to Thailand, the exchange of prisoners, a Burmese promise to protect "overseas Chinese" after the evacuation, and the exclusion of the Burmese representative from a committee visit to Monghsat.

Comment: It is still uncertain whether the Nationalists actually intend to cooperate or are merely making promises, possibly with the objective of provoking the Burmese into walking out of the committee, in which case they could be blamed for collapse of the negotiations. In any case, Taipei's new proposals represented a substantial modification of its earlier insistence upon a general cease-fire.

The prospect of a postarmistice political conference, at which China's seat in the UN and the status of Formosa might be discussed, may be inducing a change in the Generalissimo's attitude.

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6. British officials in Malaya optimistic concerning terrorist problem:

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High Commissioner Templer and other top British officials in Malaya believe the Communists there are now unable to resume terrorist activity on their former scale and must concentrate on survival, according to

the American consul at Kuala Lumpur. If the security forces can increase their pressure, they can soon reduce the Communists to the nuisance level.

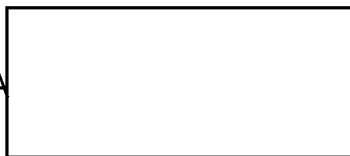
The officials are less optimistic about Communist efforts to gain broader support by persuasion and infiltration, but they feel that there is no grave threat in this field.

Comment: This official view of the Malayan situation is the most optimistic yet expressed. As recently as February, Templer said that the Communists still had the military initiative and that the capacity of his organization to combat subversion was well below desired standards.

NEAR EAST - AFRICA

7. Saudi Arabia refuses British compromise proposal on Buraimi dispute:

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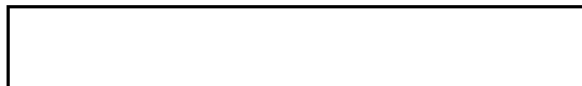
The British ambassador to Jidda states that Saudi Arabia has refused to accept the latest British proposal involving mutual withdrawal of opposing forces

from the disputed Buraimi area and prompt arbitration of the whole problem. While King Ibn Saud agreed to arbitration and to a joint statement, he refused to withdraw his forces since their commander, Turki, was a "symbol" and this would lead to tribal conflict in the area.

Despite a Saudi statement that very little separates the points of view of Britain and Saudi Arabia, the ambassador believes that there still is a considerable difference.

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8. Pakistani premier to offer Egypt proposal for settling Suez dispute:

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Pakistani prime minister Mohammed Ali intends to make a strong plea to General Nagib and the Revolutionary Command Council for a "speedy and amicable settlement" of the Suez Canal base question during his visit to Cairo.

Ali told the American charge in London that he had received a briefing on the British position from the Foreign Office and had been authorized to suggest to Nagib "complete Egyptianization of the base and departure of all British technicians" over a 15-year period.

Comment: The 15-year time limit on British participation will not meet Egypt's demands.

Pakistani involvement in such unacceptable proposals will not influence Egypt toward a settlement. It is more likely to add to the military regime's disillusionment with its friends and may result in bitterness and recriminations.

WESTERN EUROPE

9. Adenauer opposes Allied-Russian high commissioners' meeting:

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A West German spokesman on 13 June informed the French acting high commissioner at Bonn that Chancellor Adenauer opposes any meetings between the Allied and Soviet high commissioners at this time.

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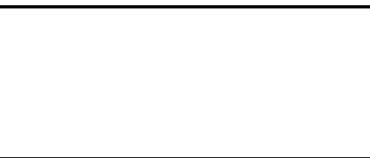


The French representative replied that the initiative for such meetings should come from the Russians. He added that his government had serious doubts concerning any four-power talks limited to German problems.

Comment: Adenauer opposes these meetings because they would increase popular belief that unity is possible, thus undercutting his electoral support.

10. French president reportedly opposes more liberal Indochina policy:

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Minister for the Associated States Letourneau recently revealed to a French official in Saigon that he was attempting to formulate an entirely new and more liberal policy toward

Indochina. He added that he was having a hard fight and that President Auriol was resisting his efforts.

The Saigon official believes that the Cambodian king's flight will make Letourneau's task more difficult than ever.

Comment: Letourneau may also be encountering opposition from his party leader, Georges Bidault, whose insistence on maintaining France's position in Indochina has prevented the Laotian appeal to the UN. The French press has been increasingly inclined, however, to protest the government's tendency to procrastinate until events force more liberal concessions that the Vietnamese nationalists themselves would have sought earlier.

11. Andre Marie given good chance to end French cabinet crisis:

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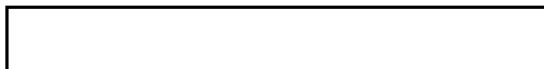


Radical Socialist Andre Marie's candidacy for the French premiership is favored by the prolongation of the cabinet crisis and the growing popular disgust. The Amer-

ican embassy in Paris considers that the chief obstacle facing Marie is Popular Republican resentment over the Radicals' recent torpedoing of Bidault's candidacy.

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Marie is essentially "a man of compromise," and his confirmation as premier would mean that the National Assembly intended to do as little as possible on major issues. The Radicals themselves expect that a Marie government would last only until the assembly reconvenes after the summer recess.

Comment: The Popular Republican deputies are likely to support Marie in order to avoid the responsibility for a further postponement of the forthcoming Bermuda conference.

Marie is reportedly intent on obtaining broad political support for some early major decisions. The most comprehensive French fiscal program of recent years was launched by Paul Reynaud as finance minister in the short-lived Marie government of 1948.